Newfoundland and Labrador

The Economy 1991

THE ECONOMY 1991

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Preface

The Economy is an annual publication which provides a review of economic performance in Newfoundland and Labrador during the previous year and an economic outlook for the current year. Readers who require only a brief overview of key economic indicators are referred to the summaries at the beginning of this report and also to the "Overview of Provincial Economic Conditions".

The research, writing and co-ordination of *The Economy* is carried out over a period of several weeks. While every effort is made to include only the most up-to-date information available, in some instances data contained in tables, diagrams and analyses will have been revised between the time of writing and the date of release. As well, data used in this publication may be inconsistent with data provided in past publications due to revisions.

The Economic Research and Analysis Division would like to thank George Courage and the staff of the Newfoundland Statistics Agency for their assistance. As well, special thanks is extended to Gary McManus of the Memorial University of Newfoundland Cartographic Laboratory (MUNCL); and to the staff of Printing and Micrographic Services Division for the cheerful and patient co-operation which they always demonstrate throughout the printing process. *The Economy 1991*, like previous editions, has also been considerably enhanced by the excellent suggestions and willing contributions of a number of individuals from both the public and private sectors.

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GRAPHICAL STATISTICAL INDICATORS
1981-1990

NEWFOUNDLAND AND LABRADOR

Diagram 1

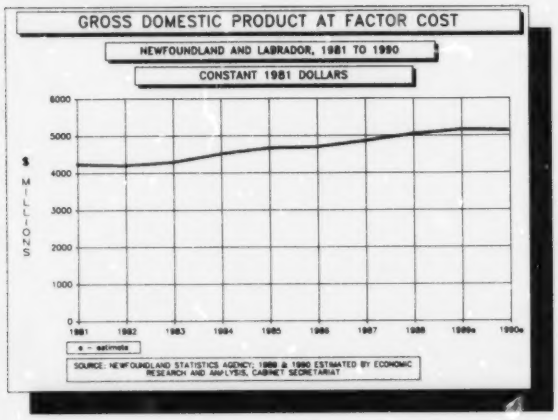
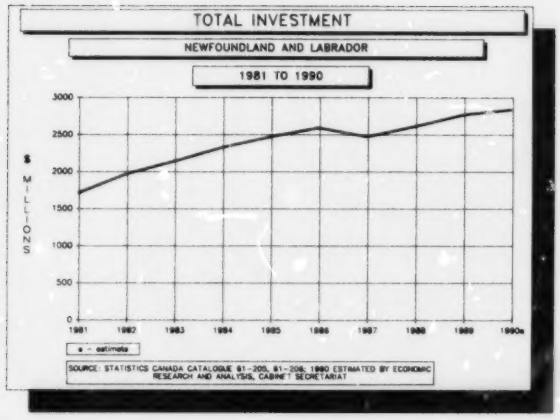


Diagram 2



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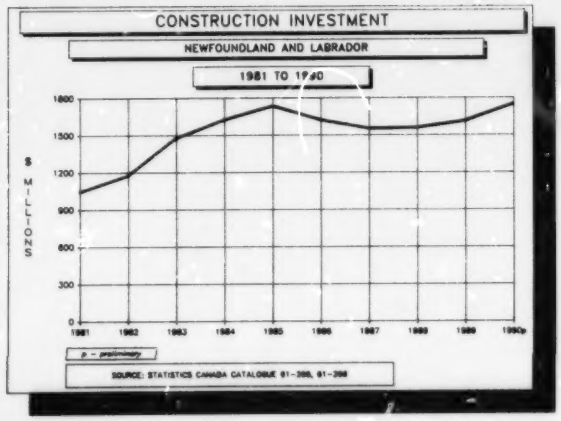

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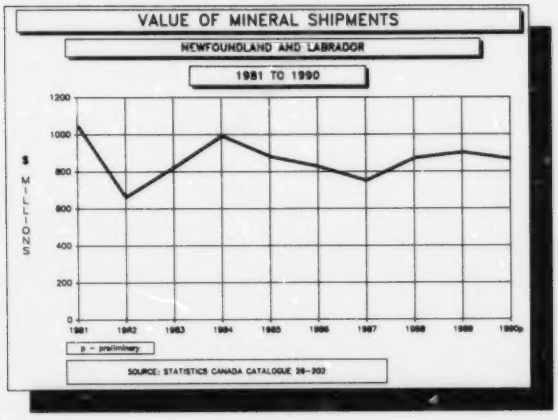

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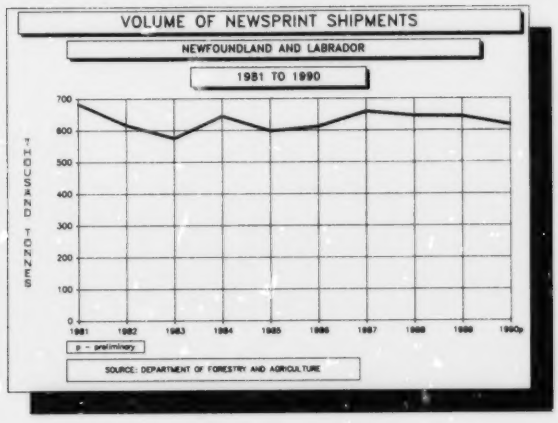

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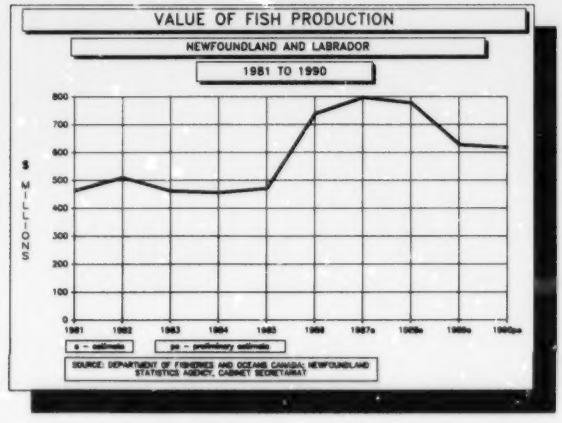

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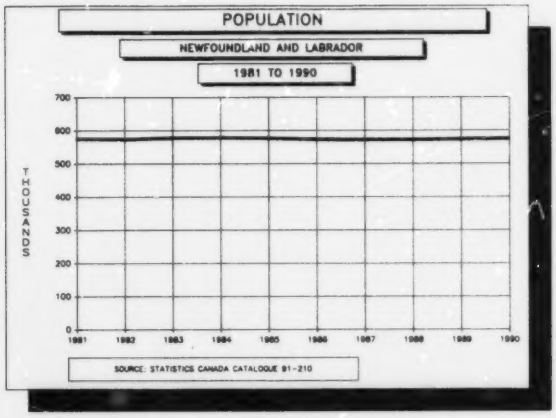

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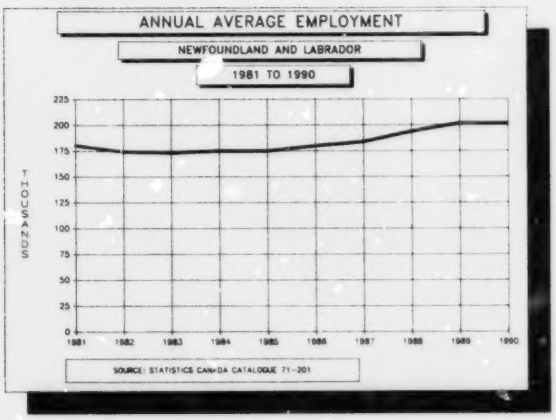


Diagram 9

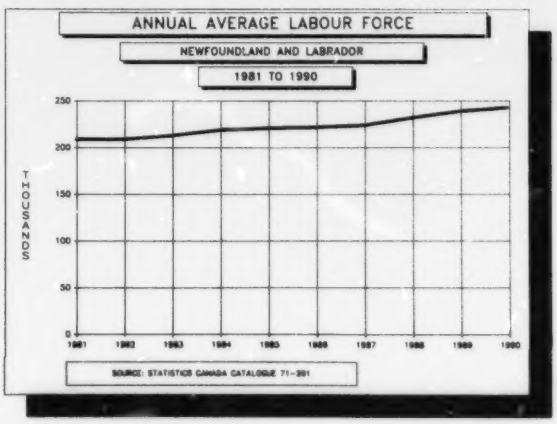


Diagram 10

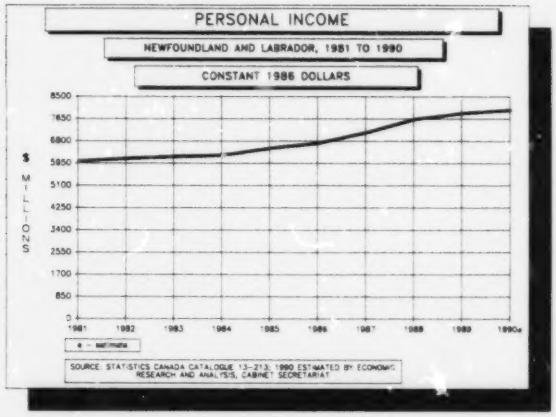


Diagram 11

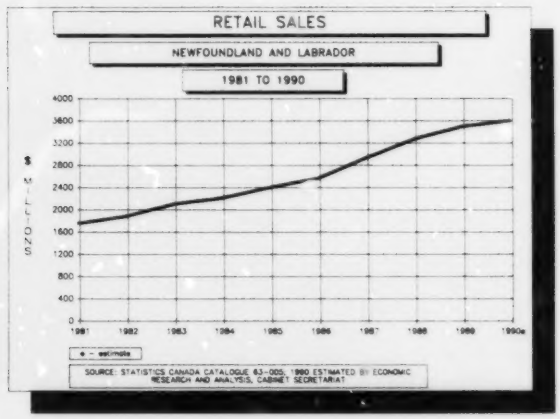
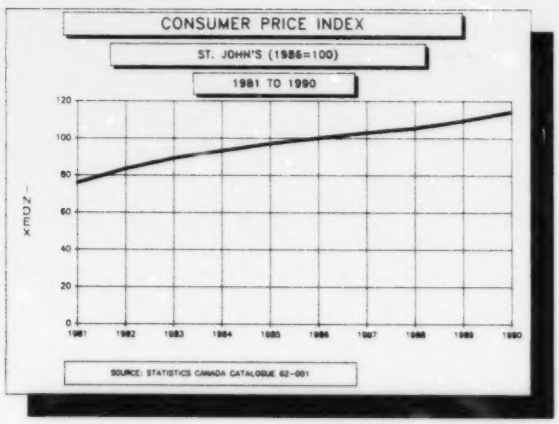


Diagram 12



SUMMARY OF 1990

International and Canadian:

- Economic growth in Canada and the United States slowed. Both countries entered recessions.
- Canadian interest rates were higher than in recent years.

Newfoundland and Labrador:

- Provincial GDP fell by an estimated 0.4 percent in real terms.
- Personal income grew by about 6.1 percent (1.7 percent in real terms).
- The value of retail trade rose by about three percent (a decrease of 1.2 percent in real terms).
- The inflation rate, at 4.3 percent, was higher than in 1989.
- Fish landings fell by 11.2 percent due mainly to quota reductions.
- Newsprint shipments dropped 4.2 percent and pulpwood production fell by about 1.6 percent.
- Total value of mineral shipments declined by 3.9 percent.
- Government and industry reach an agreement to develop Hibernia oilfield.
- Activity in the construction industry was constrained by high interest rates.
- Housing starts fell by 8.2 percent.
- The tourist industry performed well; both the number of tourist trips and expenditures increased.
- Total employment was unchanged, however, full-year employment grew while part-year employment declined.

OUTLOOK FOR 1991

International and Canadian:

- Economic recovery in Canada and the United States is expected to commence during the second half of the year.
- Canadian interest rates and the dollar are forecast to decline.

Newfoundland and Labrador:

- The Provincial economy will perform better than the national economy this year; real GDP is expected to expand by 0.7 percent.
- The Hibernia project is expected to provide an important stimulus to economic growth.
- The construction industry is forecast to record the strongest performance of all Provincial industries.
- The value of retail trade is expected to increase by 6.4 percent.
- The rate of inflation is forecast to be 5.7 percent.
- Fish landings are expected to fall, reflecting a decrease in fish quotas.
- Newsprint shipments are expected to be maintained at last year's level.
- Total value of mineral shipments are forecast to rise by about five percent.
- Two or three exploratory wells are expected to be drilled offshore this year.
- Housing starts are anticipated to increase slightly.
- Tourist activity in Newfoundland is expected to be on par with 1990.
- Employment growth is expected to resume, however, strong growth in the labour force may cause the unemployment rate to rise.

United States and Canadian Economies

The United States and Canada each experienced slower economic growth in 1990 than in the previous year. Economic activity in 1991 is forecast to be lower than in 1990 due to recessions in both countries. The slump is expected to be confined to North America, however, as economic growth in other industrialized countries is forecast to continue.

In the United States, the Province's main export market, real GNP in 1990 grew by 0.9 percent, down from 2.5 percent in 1989. Employment declined slightly in 1990 and the unemployment rate rose from an average of 5.3 percent in 1989 to 5.5 percent. Slower economic growth was largely the result of declines in residential construction and real spending on consumer goods. Export growth was strong, however, as a depreciation of the United States' dollar helped boost foreign purchases of American products.

It is believed that a recession began in the United States in the final quarter of 1990. This recession is expected to last until the second or third quarter of 1991 and result in a decline in real GNP of about 0.5 percent for the year. Further declines in residential construction are expected along with declines in business investment and real spending on consumer durables.

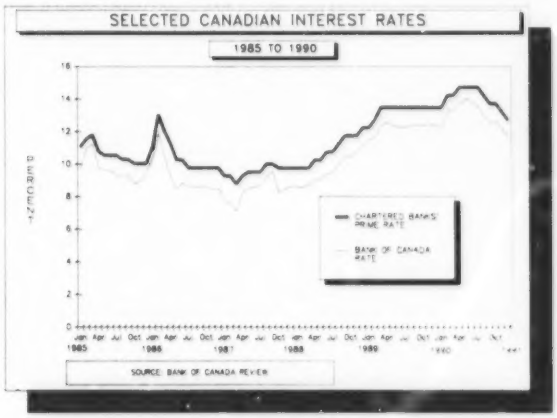
Interest rates in the United States declined in 1990 and are expected to be lower in 1991 as monetary policy eases with a weakening economy.

The recession in Canada began in the second quarter of 1990. As a result, growth in real GDP slowed to about 0.8 percent in 1990 compared to 3.0 percent in 1989. The recession has been largely attributed to higher interest rates that have discouraged consumer spending (especially on big ticket items like new cars), business investment and residential construction. Higher interest rates also restrained export growth by contributing to an appreciation of the Canadian dollar against the American dollar and other foreign currencies.

High interest rates contribute to recession in Canada

Both the Bank Rate and the Prime Rate were higher in 1990 than in recent years as illustrated in Diagram 1. Interest rates peaked around mid-year and fell during the second half as the recession curtailed borrowing activity. The Bank of Canada maintained a firm monetary policy in accordance with its goal of achieving price stability (i.e., inflation near zero percent) in the Canadian economy. The recession is viewed by most economists as a painful, though temporary, side-effect of the central bank's monetary policy.

Diagram 1



The recession was reflected in Canada's unemployment rate which averaged 8.1 percent in 1990, up from 7.5 percent in 1989. This increase was largely related to slow employment growth as the number of workers seeking employment grew faster than the number of jobs available.

Canada's inflation rate, as measured by the Consumer Price Index, was 4.8 percent in 1990. Were it not for higher oil prices stemming from the conflict in the Persian Gulf, the inflation rate would have been lower. Excluding the more variable food and energy components of the Consumer Price Index, prices increased by 4.4 percent in 1990 compared to 5.5 percent the previous year. This indicates a moderation in the underlying rate of inflation.

The Canadian dollar was slightly higher in value against other currencies in 1990. On average, the Canadian dollar was 0.5 percent higher against an index of ten major foreign currencies in 1990 than in 1989. The dollar was higher in relation to the United States dollar and the Japanese yen but lower against the German mark and British pound.

The Canadian recession is forecast to continue until the second or third quarter of 1991.

Real GDP is expected to decline by about 1.0 percent this year and the unemployment rate is forecast to increase further to about ten percent. The weak economy combined with falling interest rates in the United States will allow Canadian interest rates to decline in 1991 with the prime rate averaging about three percentage points lower than last year. Lower interest rates may also allow the Canadian dollar to depreciate somewhat against foreign currencies in 1991.

The Federal Government's Goods and Services Tax (GST) was implemented on January 1, 1991. It is expected to temporarily boost inflation and to dampen consumer spending early in the year. The rate of inflation in 1991 is expected to be about 6.0 percent. The GST is responsible for approximately one and one-half percentage points of this increase. The replacement of the Federal Sales Tax by the GST is, however, expected to improve the competitiveness and export performance of Canada's manufactured products.

Overview of Provincial Economic Conditions

Economic activity in the Province during 1990 was constrained by a number of factors. Interest rates were higher than they have been in recent years and the fishery, one of the Province's key industries, continued to experience problems associated with resource constraints. Higher interest rates served to constrain consumer expenditures and an appreciation of the Canadian dollar against the American dollar and other foreign currencies affected the value of exports. On a sectoral basis, small gains in the service sector were insufficient to offset declines in the goods producing industries last year. The result was an estimated 0.4 percent decline in the Province's Gross Domestic Product (GDP), the first such decline since the recession of the early 1980s.

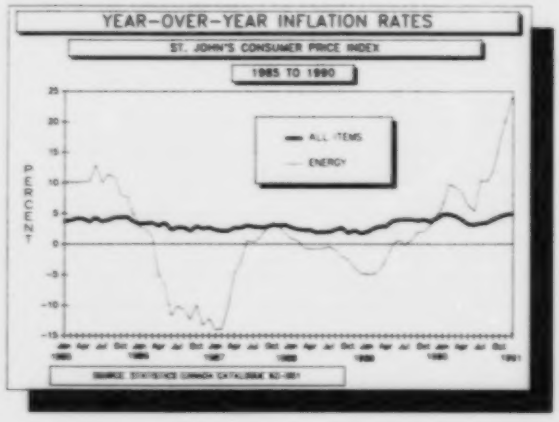
Employment in 1990 was maintained at the previous year's level, despite some unfavourable economic conditions. Employment growth in the Province's service sector offset a decline in employment in the goods producing sector. While the level of employment was unchanged from a year earlier, the number of individuals seeking employment continued to grow and this caused the number of unemployed to increase and the unemployment rate to rise to 17.1 percent.

Personal income grew by an estimated 6.1 percent (1.7 percent in real terms) in 1990. This growth, while positive, was slower than in recent years. Weaker gains in wages and salaries, and in Unemployment Insurance (UI) benefits, which generally account for two-thirds of personal income, contributed to the slowdown. In addition, inflation was higher in 1990 and this served to dampen real income growth.

Wages and salaries, which is the largest component of personal income, totalled $4.2 billion in the first eleven months of 1990 according to Statistics Canada estimates, an increase of 4.3 percent (0.1 percent in real terms). Changes in wages and salaries by sector were consistent with changes in employment; strongest growth came from the service producing industries with gains of 5.7 percent while wages and salaries in the goods producing sector rose by only 0.3 percent. Average weekly earnings increased by four percent to about $484 per week in the first eleven months, however, inflation more than offset this increase resulting in a real decline of 0.2 percent.

There were fewer individuals collecting UI in the Province during the first eleven months of 1990 than in the previous year. The number of UI beneficiaries averaged 72,800, a decrease of 2.6 percent from the same eleven months in 1989. This decrease in the number of UI beneficiaries reflects the trend towards growth in full-year employment and declines in part-year employment, along with amendments to the UI program itself. UI benefit payments, the largest component of transfer payments to individuals, totalled $770.9 million, up by 5.3 percent (1.0 percent in real terms) over the first eleven months of 1989.

Diagram 2



The rate of inflation in St. John's, as measured by the year-over-year change in the Consumer Price Index (CPI), was 4.3 percent in 1990, below the Canadian rate of 4.8 percent. Prices for housing, transportation, tobacco and alcoholic beverages and energy grew at a faster pace than the all items index. Prices for food, clothing, health and personal care, recreation, reading and education also rose during this period, however, the increase in these components was lower than the all items index. Energy prices, as illustrated in Diagram 2, rose substantially in 1990 reflecting higher electricity prices and the crisis in the Persian Gulf. The energy price index rose by 11.8 percent last year. Excluding its two most variable components, food and energy, the CPI rose by 3.6 percent in 1990.

Consumer spending was weaker in 1990 than in the previous year

Consumer spending in the Province in 1990 was weaker than in 1989. The value of retail trade increased by 2.9 percent in the first eleven months of last year, however, in real terms this translated into a decline of 1.3 percent. This reduction in retail trade activity reflected wavering consumer confidence due to uncertainties in key sectors of the Provincial economy and higher interest rates. The number of new motor vehicles sold declined by 17.3 percent in 1990, a trend which was consistent with the cyclical downturn observed elsewhere in the North American auto industry.

Investment in the Province rose by 2.3 percent to an estimated $2.8 billion in 1990. When inflation is taken into account, however, it is likely that this increase translated into a slight decline in real terms. Economic uncertainties in some of the Province's key sectors, combined with higher interest rates, tempered investment plans for most of last year. Investment was boosted towards the latter part of the year with the announcement in September of an agreement to develop the Hibernia oilfield.

Provincial Gross Domestic Product forecast to increase in 1991

The outlook for the Provincial economy in 1991 is for moderate growth in real GDP. A resumption of growth is expected in the goods producing sector, however, the performance of individual industries within this sector will vary. Fishing industry activity is expected to be slower this year due to reduced groundfish quotas while activity in the forest industry is expected to be on par with 1990. The brightest spot in the goods sector is the construction industry. The performance of this industry will be much enhanced by investment expenditures related to the Hibernia development. Service producing industries, consisting of both private and public sectors, are expected to show a mixed performance in 1991. A decline in public sector activity is expected due to expenditure restraints at both the Federal and Provincial levels of Government. The private sector service industries, however, are expected to expand with much of the impetus coming indirectly from the Hibernia project. Demand for services like transportation, communication and engineering will be stimulated by Hibernia.

Employment growth is expected to resume in 1991 although growth will be moderate. Monthly average employment is forecast to increase by about 1,000 from the 1990 level. Labour force growth may once again exceed employment growth and this may result in a higher unemployment rate in 1991.

Strong investment growth expected in 1991

Investment activity will be strong in 1991 as spending is expected to exceed $3 billion. Lower interest rates and the start-up of the Hibernia development should play a prominent role in fuelling investment for the year. Personal income is forecast to increase by 5.4 percent in 1991, however, higher inflation will cause a slight decline in real personal income. Inflation will edge higher this year due primarily to the implementation of the GST in January. Lower interest rates are expected to boost consumer confidence levels in 1991 and facilitate moderate growth in retail trade.

Agriculture

The primary segment of the Province's agriculture industry generated farm cash receipts of $60.0 million in 1990, marking an increase of 2.5 percent from the previous year. Receipts from the sale of livestock, which represent the largest share of industry output, rose more than enough

to offset a decrease in crop revenues. Livestock sales were up 3.9 percent to $48.* million primarily due to slightly higher prices for some commodities and increased milk production. Crop receipts dropped by 1.5 percent in 1990 to $9.4 million mainly as a result of lower production and reduced prices for some vegetables.

The industry's performance improved moderately in 1990. Total expenses, consisting of farm operating expenses and depreciation charges, rose slightly to $47.1 million, a gain of less than one percent from that of 1989. Total net income, the difference between total revenue and expenses, amounted to $13.6 million, an increase of 3.4 percent from 1989. Higher income in 1990 was attributed primarily to an improvement in farm cash receipts.

In addition to primary agricultural production, the Province's *agrifoods* industry also includes secondary processing of agricultural output, however, changes in the level of activity in this segment of the agrifoods industry are difficult to quantify because of the lack of reliable data. Secondary processing activities include the manufacture of meat and poultry products, dairy products and livestock feeds. While some production is exported, most agricultural products are consumed within the Province. Hence, performance of the agrifoods industry is mainly dependent on local economic activity.

Efforts to enhance the industry in recent years have been supported by both the Federal and Provincial governments and two agreements are now in place to help develop the industry. The five year Canada-Newfoundland Agri-Food Development Subsidiary Agreement, signed in June 1988, committed $8 million to promote growth in the agri-food industry through increases in productive efficiency and improved marketing programs. It is estimated that at the end of March 1991, approximately 85 percent of the $8 million will have been committed. The Canada-Newfoundland Subsidiary Agreement on a Livestock Feed Initiative, signed in March 1987, committed $4.8 million to be spent over a four year period to develop the Newfoundland livestock feed sector by increasing the quantity and quality of livestock feed produced in the Province. Total funding under this agreement will have been committed by the end of March 1991.

The Task Force on Agri-Foods, which commenced in October 1989, was directed to inquire into the current conditions and future direction of agriculture and related industries, and to recommend policy and a long-term strategy for the sector. The Task Force has emphasized that the agriculture industry must be made more viable and competitive. The Task Force Report is expected to be released early in 1991.

The performance of the agriculture industry is expected to remain stable in 1991. Total farm net income is expected to increase by less than one percent while farm cash receipts and expenses are both expected to record slight increases.

Fishery

Activity in the fishing industry during 1990 was curtailed primarily as a result of quota reductions. Quotas for several groundfish stocks, including the largest and most important Northern cod stock, were further reduced in 1990. Total landings fell even though some sectors reported a solid or improved performance. Prices paid in the United States for cod, the Province's largest market for fish products, rose considerably, however, some of the benefit was offset by a stronger Canadian dollar. Higher prices helped Fishery Products International (FPI) improve its financial position during 1990 despite lower landings and aided National Sea Products in reporting a loss which was less than in the previous year.

Higher prices helped to offset lower quotas and reduced landings

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Approximately 459,000 tonnes of fish were landed in Newfoundland and Labrador during 1990 with a landed value of about $240.6 million. This represented a decrease of approximately 11.2 and 8.0 percent respectively from 1989. The value of landings fell slightly less than quantity due to higher prices for some species, especially cod. Cod landings, which were substantially reduced, combined with lower landings of flatfish accounted for more than 70 percent of the reduction in the volume of landings. A poor performance by some other fleet sectors also contributed to a troubled year.

Inshore cod landings on the South Coast (3PS) fell 12.1 percent from 1989 while inshore landings on the Southwest Coast (4RS+3PN) fell approximately 40 percent. Cod landings in 4RS+3PN have been described as the worst on record. Cod landings were about three-fifths of

1989 landings and only one-fifth of 1986 landings. In contrast, the inshore fleet in zones 2J+3KL recorded one of their best years in many as this inshore sector approached 100 percent utilization of its fish allowance.

Most groundfish landed in the Province is processed into frozen fillet and block products. Frozen groundfish production fell during 1990 reflecting the drop in landings. Approximately 75,000 tonnes of product was produced from January to November of last year in the Newfoundland Region; statistics for the West Coast were not available. This production level represented a drop of about 6.1 percent from the same period in 1989. Of the 75,000 tonnes produced during 1990, about 37.5 percent was comprised of frozen block products, 54.4 percent of fillet products and the remaining 8.1 percent was "other" frozen groundfish products such as "head-on-gutted" redfish.

Some groundfish, such as cod, is used for the production of saltfish. About 5,300 tonnes of salted cod was produced in the Newfoundland Region last year, representing a decline of 26 percent from 1989 and the second consecutive year in which production has fallen.

The capelin fishery has contributed significantly to the overall performance of the fishing industry in recent years, particularly in view of the groundfish quota reductions. In 1990, capelin landings comprised nearly 20 percent of all species harvested and 36,400 tonnes of capelin was readied for oriental markets. This was about 1.5 percent less than the previous year but well above average production levels for the previous five years. The major downside was reduced prices. Prices paid to processors ranged from between US$1,175 to US$1,475 per tonne during 1990 compared to US$1,560 during 1989.

Most of the Province's frozen groundfish production enters the United States market via the New England area and changes in that regional market have important implications for the Province's fishing industry. Based on preliminary reports, there is some evidence to suggest that demand for cod fillet during 1990 may have declined and demand for block may have remained steady. It is believed that shortages of product, rather than demand side factors, provided the push necessary to sustain higher prices throughout most of 1990.

Inventories of frozen groundfish products, cod fillet and block in particular, have reached low levels reminiscent of the mid-1980s when prices skyrocketed. Quota reductions among many North Atlantic producers during 1989 and 1990 have led to a depletion of inventories in the United States and a shortage of cod among other traditional users. As outlined in the accompanying table, inventories of cod, more so than inventories of other types of groundfish, were substantially below year earlier levels. Supplies of product are expected to remain tight for some time.

UNITED STATES COLD STORAGE HOLDINGS, END OF MONTH GROUNDFISH STOCKS, 1989 AND 1990
(metric tonnes - product weight)

	November		
	1989	1990	Percent Change
Cod Fillet	15,984	3,931	-75.4
Other Fillet	34,209	24,647	-28.0
Total Fillet	**50,193**	**28,578**	**-43.1**
Cod Block	6,508	3,571	-45.1
Other Block	16,790	14,152	-15.7
Total Block	**23,298**	**17,723**	**-23.9**

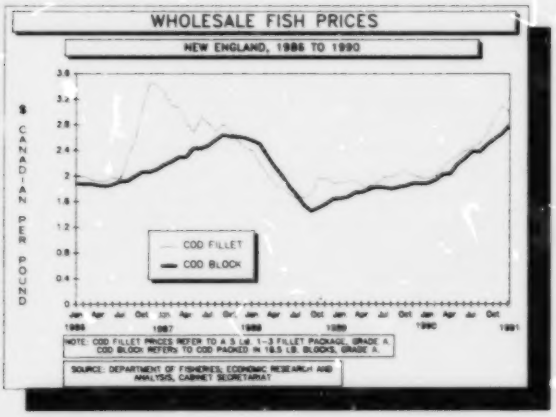
Source: United States Department of Commerce; Economic Research and Analysis Division, Cabinet Secretariat.

Wholesale cod fillet and block prices hit historically high levels in the New England area during 1990. Despite the fact that cod fillet prices fell slightly toward year end, prices rose throughout most of 1990, continuing an upward trend which commenced around the Fall of 1988. In Canadian dollar terms, cod fillet and block prices averaged $2.51 and $2.33 per pound, representing increases of 27.4 and 28.7 percent respectively over monthly average prices recorded in 1989. While increased prices have been favourable to Canadian suppliers of cod, a strong dollar vis-a-vis the American dollar, has adversely impacted revenues and hence profits.

The two largest vertically integrated fish companies in Atlantic Canada are Fishery Products International (FPI) and National Sea Products. As a barometer of activity, changes in their financial position can sometimes be indicative of trends throughout the industry. FPI reported sales of $394.4 million in the first nine months of 1990, an increase of 67.8 percent from

the same period in 1989; FPI attributes the increase in sales to the acquisition of Clouston Foods Division. FPI recorded net income of $4.5 million for the first nine months of 1990 compared to a loss of $12.9 million for the same period in 1989. National Sea Products reported sales of $455.9 million during the first nine months of 1990 compared to $454.4 million during the same period in 1989; net loss for the nine month period was $2.8 million compared with a net loss of $13.7 million in 1989.

Diagram 3


WHOLESALE FISH PRICES
NEW ENGLAND, 1986 TO 1990
$ CANADIAN PER POUND
COD FILLET
COD BLOCK
1986
1987
1988
1989
1990
1991
NOTE: COD FILLET PRICES REFER TO A 5 Lb. 1-3 FILLET PACKAGE, GRADE A. COD BLOCK REFERS TO COD PACKED IN 10.5 LB. BLOCKS, GRADE A.
SOURCE: DEPARTMENT OF FISHERIES, ECONOMIC RESEARCH AND ANALYSIS, CABINET SECRETARIAT

The outlook for the fishing industry is for a lower level of activity based on groundfish quota reductions contained in the *1991 Atlantic Groundfish Management Plan*. In particular, cod quotas have been reduced in zones 2J+3KL, 3NO and 4RS+3PN. Higher landings of certain species such as redfish, flounder, shrimp and crab could be realized in 1991, but not in sufficient quantities to offset losses resulting from cod quota reductions. On the market side, analysts expect cod shortages to continue in the near term. Prices, however, are expected to drop as resistance to recent price hikes sets in and restaurant activity falls in line with the economic slowdown underway in the United States. Nevertheless, prices during 1991 are expected to be higher on average than in 1990. As the fishing industry's performance is clouded by resource constraints, higher prices in the United States market and an expected drop in interest rates will enhance the industry's performance in 1991.

Forestry

The Province's newsprint industry turned in a fair performance during 1990 particularly in view of poor market conditions and a downturn in the national newsprint industry. Canadian newsprint output and shipments fell during 1990 by 5.9 and 5.5 percent respectively from the previous year. Operating rates during the year fell to 90 percent from 96 percent in 1989.

Provincial newsprint shipments during 1990 totalled 617,281 tonnes, representing a drop from the previous year of 4.2 percent. Lower shipments reflected, for the most part, the removal of Number Six paper machine at Grand Falls and production losses related to labour disruptions at both Abitibi-Price paper operations. The paper machine at Grand Falls was shut down in February of 1990 while production losses caused by labour disputes during the same year were estimated at 18,000 tonnes.

The value of newsprint shipments, based on average transaction prices, fell in 1990 to $397 million representing a decline of 7.7 percent from the previous year. The decrease reflects the drop in the volume of shipments as well as lower average transaction prices and a higher valued Canadian dollar.

Volume and value of newsprint shipments declined

There were some notable shifts in the market destination of newsprint shipments last year. Nearly 38 percent of all shipments went to the United States during 1990 compared to 30 percent in the previous year. As well, exports to the South and Central Americas and the Caribbean increased. The only markets which imported less of the Province's newsprint were in the Far East which includes major destinations such as Japan, India and Taiwan.

The volume of pulpwood produced in the Province during 1990 totalled 1.72 million cubic metres, down by 1.6 percent from the previous year. Pulpwood production fell primarily as a result of woodland strikes in Grand Falls and Corner Brook. The strike at Grand Falls started in mid-May but was resolved by the end of June; woodland workers at Corner Brook commenced strike activity late in June and subsequently reached an agreement near the end of July. Pulpwood production surged ahead in the final quarter of 1990 but fell short of compensating for earlier losses.

Sawmilling is the second largest manufacturing activity in the Province's forest industry.

Virtually all of the lumber produced is consumed in local markets. Sawmilling activity decreased slightly in 1990 as demand for domestically produced lumber fell reflecting fewer housing starts during the year. Preliminary estimates indicate that production reached about 48.5 million board feet in 1990/91, a slight decrease over the previous period.

Silviculture activities carried out under Canada/Newfoundland cost shared agreements during 1990/91 totalled approximately $7.4 million. This compares to $7.6 million spent during 1989/90. The main thrust of the program continues to be the precommercial thinning program. Approximately $8 million is expected to be spent in the 1991/92 fiscal year.

This year is anticipated to be one of moderate growth for the Canadian newsprint industry as the North American economy is expected to rebound in the latter half of the year. Canadian newsprint shipments are forecast to improve by 1.8 percent during 1991. In this improved market environment, along with recent labour agreements and production improvements, Provincial shipments are expected to improve slightly during 1991. A price increase, implemented in January, is not expected to hold, however, any devaluation of the dollar would benefit Canadian exporters. Pulpwood production is expected to remain steady, in line with newsprint shipments. The sawmilling industry is expected to be positively impacted by anticipated increases in the level of residential construction activity. Some development and utilization of the vast timber resource in the Happy Valley-Goose Bay area may materialize in the short term as well. Efforts to attract parties interested in the establishment of a timber based operation in this part of Labrador have produced some tangible proposals. Approval and release of a project in this area would boost wood production and stimulate employment, particularly in the primary segment of the forest industry.

Mining

The total value of mineral shipments in 1990 is estimated at $862 million, according to Energy, Mines and Resources Canada. This represents a decline of 3.9 percent compared to 1989. About 4,200 persons were employed in the mining industry in the Province in 1990 compared to employment of approximately 4,300 in 1989.

Iron ore comprises the largest component of output from the Provincial mining industry and in 1990 it accounted for about 81 percent of the total value of mineral shipments. Iron ore shipments totalled approximately 20 million tonnes valued at $696 million, representing declines of 3.4 and 3.7 percent respectively. Shipments from the Province's two largest producers, the Iron Ore Company of Canada (IOCC) and Wabush Mines, fell last year. IOCC shipped concentrate, fluxed pellets and acid pellets in 1990; increases in the volume of concentrate and fluxed pellets shipped were not sufficient to offset a decline of almost two million tonnes in acid pellet shipments. Wabush Mines recorded a decline of about eight percent in shipments of acid and fluxed pellets.

Iron ore accounted for about 81 percent of total value of mineral shipments

Lower shipments from IOCC were partly due to a decline in sales to American markets. Production of steel in the United States (iron ore is a main input in the steel making process) increased slightly in 1990, however, United States' steel producers relied more on iron ore from domestic mines and less on imports. Wabush Mines' shipments were negatively affected by two separate labour disputes. A strike interrupted operations at its Point Noire pellet plant for about two weeks in the spring, resulting in lower production and shipments. As well, a strike at Wabush's largest owner/client from August to November resulted in lower sales. Overall, the value of shipments declined more than the volume even though there were substantial price increases in European and Japanese markets. This was mainly the result of a change in the mix of iron ore products shipped. Shipments of pellets, which command a substanially higher price than concentrate, declined while concentrate sales increased. Employment at iron ore operations in the Province averaged about 2,460 persons during 1990, an increase of approximately 50 persons compared to 1989.

The zinc mine in Daniel's Harbour, operated by Newfoundland Zinc Mines Limited, shut down during the third quarter of 1990 due to a depletion of ore reserves. The operation shipped approximately 37,000 tonnes of zinc concentrate valued at $35.7 million during 1990 and the operation employed 150 people during peak production.

Shipments of asbestos totalled 72,600 tonnes in 1990, 19 percent higher than shipments in 1989. A "wet" processing mill began producing asbestos at the Baie Verte operation on August 1, 1990, using tailings from the "dry" mill as input. A small proportion of shipments was produced by this new mill. Open pit mining and dry processing ceased early in February 1991 due to the exhaustion of economic ore reserves resulting in a suspension of wet mill production. Approximately 400 persons were laid off when all operations closed. A system that enables the wet mill to utilize the tailings accumulated from many years of dry processing should be completed by mid-February and the mill should resume processing shortly thereafter. About 60 people are expected to be rehired at this time. There are sufficient tailings for 12 to 15 years of wet processing and the new mill is expected to produce about 30,000 tonnes of asbestos annually.

Asbestos production at Baie Verte extended

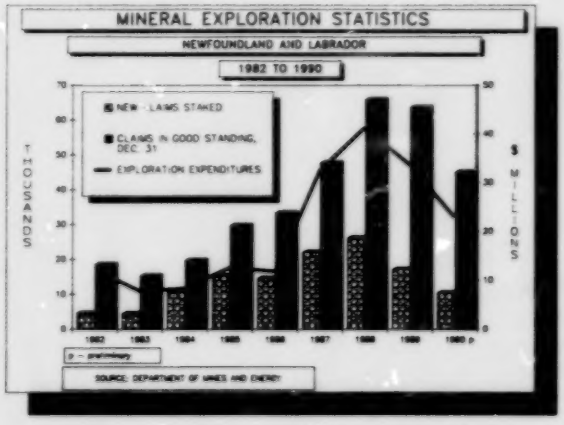
St. Lawrence Fluorspar encountered a host of operating problems during 1990 that resulted in the closure of the operation late in the year. Underground mining ceased in January because of problems with flooding and this resulted in a shortage of ore for processing and consequently the closure of the processing mill in early February. Activities at the facility resumed in early April. The mill was again shut down during the first week of September because of insufficient tailings storage capacity. This problem was resolved and the mill resumed processing in mid-October. The company closed the operation again on November 16, 1990 and laid off all but 11 of its 131 employees. The reason cited for this closure was a lack of orders for the product because of Chinese producers dumping high quality fluorspar on the North American market. The company has since gone into receivership and the operation is now for sale. As a result of the numerous problems experienced throughout the year, shipments of fluorspar were less than one-third of that recorded in 1989.

Provincial gold production and shipments increased during 1990. Hope Brook Gold Inc., the Province's only gold producer, produced about 110,000 ounces of gold during 1990, an increase of approximately 30 percent over the previous year. Shipments are estimated at 113,000 ounces valued at about $51.6 million. This compares to shipments of 81,999 ounces valued at $38.1 million during 1989. The company made considerable progress in solving several operating problems during 1990. Modifications to its effluent treatment system are ongoing and the new system should be in full operation early in 1991. The changes to the system will reduce operating costs and enable the system to meet discharge regulations. As well, the company installed a system to remove mafic rock from the mill feed. The installation of this system has significantly increased the rate of throughput in the grinding mill. Employment averaged 322 persons during 1990 compared to 268 persons during 1989.

Newfoundland Resources & Mining Company Limited began commercial production at its aggregate limestone operation in the spring of 1990. This operation, located at Lower Cove on the Port au Port Peninsula, ships primarily to markets on the eastern seaboard of the United States. Concrete and paving stone are the main end uses of the product. The first shipment was made on June 30, 1990 and approximately 145,000 tonnes were shipped during the year. Employment at this operation averaged 22 persons in 1990.

There are several other mineral operations in the Province. These establishments produce a variety of products including gypsum, pyrophyllite, brick, cement and limestone. Performance at these operations during 1990 was generally equal to, or better than, performance during 1989. Shipments of gypsum, cement and limestone increased compared to the previous year while pyrophyllite and brick shipments approximated 1989's level.

Diagram 4



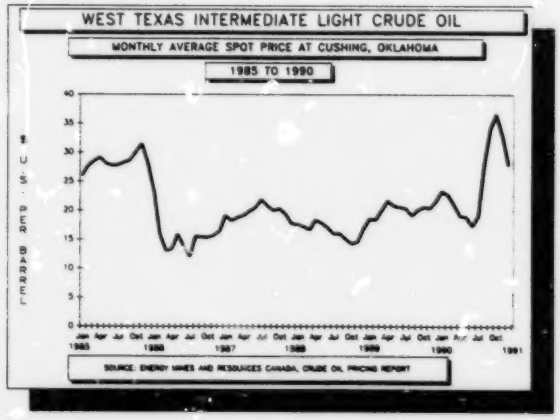
Mineral exploration activity, while particularly strong in recent years, declined during 1990. The number of new claims staked in 1990 was 10,508 and the number of claims in good standing as of December 31, 1990 was 44,979. This compares with 17,190 new claims staked and 63,596 claims in good standing for the corresponding periods in 1989. Exploration expenditures in 1990 are estimated at $23 million, down from $33.7 million in 1989. The slowdown in mineral exploration can be attributed to several factors including: fewer incentive programs offered by the Federal Government, lower gold prices, and a general downturn in economic conditions. Exploration activity in all of Canada has been adversely affected by these factors and relatively speaking, Newfoundland is still one of the most attractive areas for mineral exploration in North America.

The outlook for the mining industry in 1991 is mixed. Mine closures at Daniel's Harbour and Baie Verte will negatively impact output this year. As well, it is not known at this time if, or when, the fluorspar operation at St. Lawrence will resume production. As a result of mine closures, employment in the industry is expected to fall by between 450 and 600 persons. On a more positive note, the termination of open pit mining and dry processing at Baie Verte will be cushioned somewhat by output from the new wet processing mill. Both iron ore and gold production are expected to increase, and 1991 will be the first full year of production for Newfoundland Resources & Mining. Higher production at these operations is expected to result in growth of about five percent in the total value of mineral production.

Oil & Gas

Crude oil prices, as measured by the monthly average spot price for West Texas Intermediate light crude oil (a North American benchmark price), averaged US$24.49 per barrel during 1990, up approximately 25 percent over 1989. Monthly average crude oil prices peaked in October at US$36.05, the highest monthly average price since late 1982. Oil prices had declined during the first six months of the year only to rebound slightly in July with the reaffirmation of quotas by OPEC members. Prices subsequently skyrocketed in August with the invasion and annexation of Kuwait by Iraq. A strong rise in prices during the latter half of 1990 was primarily the result of speculation on crude oil markets resulting from political and military developments in the Middle East rather than supply constraints. OPEC members increased production levels in response to lower oil supplies caused by the loss of Iraq and Kuwait output. This, combined with a depletion of Strategic Petroleum Reserves and decreased demand in response to higher oil prices, resulted in an ample supply of petroleum products. The level of OPEC oil production closed 1990 at a ten year high.

Diagram 5



Exploratory drilling off the coast of the Province remained low during 1990. A single well was spudded during the year which generated about three rig-months of activity. This compares with one well spudded and one carry over well drilled during 1989 which accounted for 3.75 rig months of activity.

Other exploratory work continued during 1990 as a number of firms undertook geophysical/geological programs. These exploratory programs generally precede any drilling activity and involve a seismic survey of the seabed to obtain a subsurface geological profile. Oil companies participating in this form of exploration in 1990 included ESSO Resources Canada, Shell Canada, BP Canada and Petro Canada.

A call for bids on 15 parcels of land offshore Newfoundland in June 1990 resulted in bids being received on 8 parcels. Bids were received on seven parcels located off the Province's West Coast, marking the beginning of major exploration activity in this area. The remaining parcel is located south west of the Terra Nova oilfield. The land area bid was 1.7 million hectares with $11.5 million earmarked for exploration during the term of the exploration licenses.

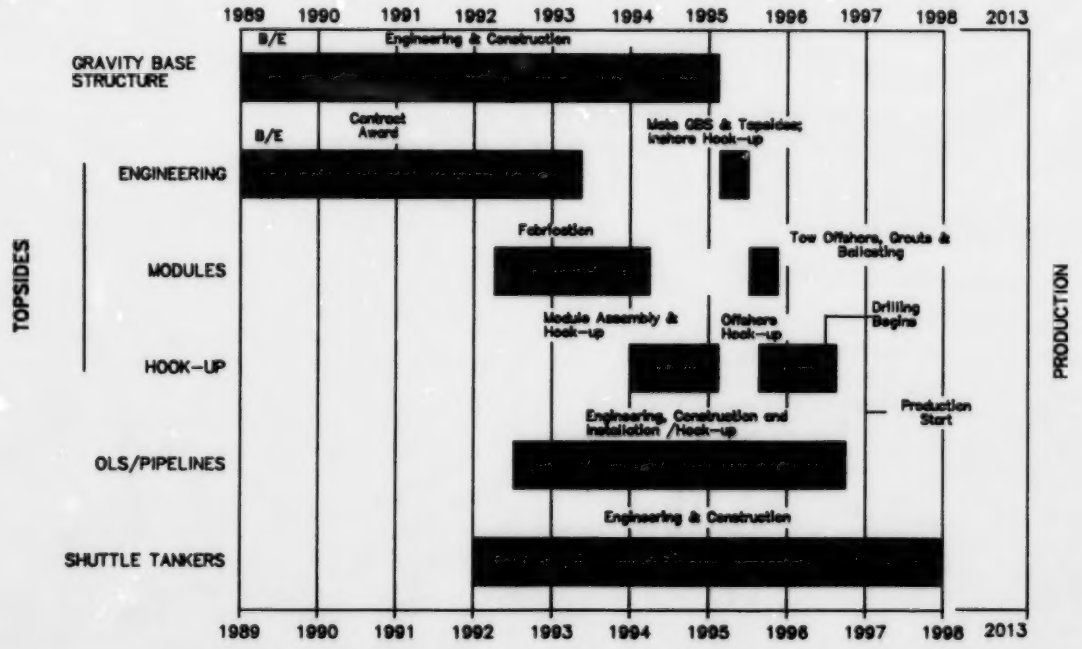
After years of intensive negotiations, the Federal and Provincial Governments and a con-

sortium of oil companies, reached an agreement on September 14, 1990 to develop the Hibernia offshore oilfield. Two major contracts associated with the development were awarded immediately by the Hibernia Management and Development Corporation (HMDC), the company formed to represent the consortium. Newfoundland Offshore Development Constructors (NODECO) was awarded the contract for construction of the Gravity Base Structure (GBS) and Newfoundland Offshore Contractors (NOC) was awarded the topsides engineering procurement/project services contract. NODECO awarded 15 subcontracts in 1990 and is expected to begin the tendering process on another 50 subcontracts in the first quarter of 1991. The value of these subcontracts is $250 million with an additional $90 million in subcontracts having already been awarded to NODECO joint venture partners. NOC will start the awarding process on seven subcontracts worth $99 million in early 1991. In addition, HMDC are expected to call tenders on three contracts worth $257.5 million in 1991.

The design, engineering, construction and hook-up of the production platform for the Hibernia oilfield is expected to take about six years in total. The production platform consists of the GBS and the topside modules. The GBS will be engineered and constructed over approximately five years and is expected to be completed by early 1995 as illustrated in Diagram 6. Fabrication of the various topside modules for the platform is expected to start in the spring of 1992 and is expected to be completed in approximately two years. The modules will be assembled and then mated with the GBS in the spring of 1995, following which the platform will be towed to location on the Hibernia oilfield and ballasted to the ocean floor. Another component, the Offshore Loading System (OLS), has a projected engineering and construction phase of approximately four years with engineering expected to commence in mid-1992. Installation and hook-up of the OLS is expected to be completed by late 1996. In addition, the design and engineering of the three Shuttle Tankers is slated to begin in 1992 with the final tanker being delivered by the end of 1997.

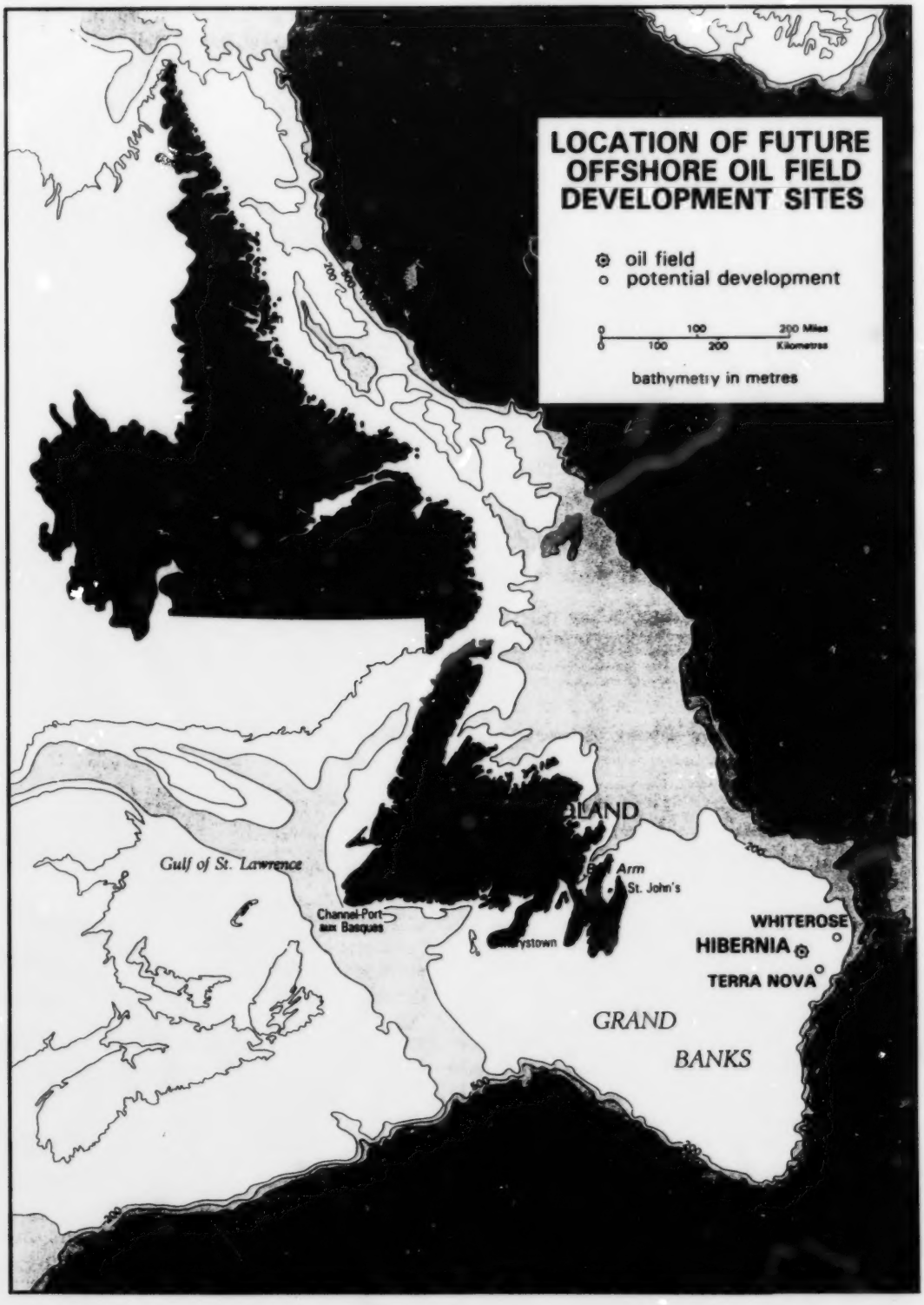
Diagram 6

Hibernia Project Schedule



Notes: B/E: Bid/Evaluate OLS: Offshore Loading System
Source: Department of Mines & Energy; and Economic Research & Analysis, Cabinet Secretariat

Map 1


LOCATION OF FUTURE OFFSHORE OIL FIELD DEVELOPMENT SITES
oil field
potential development
0 100 200 Miles
0 100 200 Kilometres
bathymetry in metres
Gulf of St. Lawrence
Channel-Port aux Basques
St. John's
WHITEROSE
HIBERNIA
TERRA NOVA
GRAND
BANKS

Hibernia Highlights

- Total development cost estimated at $8.5 billion.
- Pre-production phase (1990 to 1996) to cost estimated $5.2 billion.
- Production/operating phase (1996 to 2013) capital costs estimated at $3.3 billion.
- Operating expenditures estimated at $10 billion over project life.
- Both levels of Government provide substantial incentives to ensure project proceeds; incentives take the form of direct grants, loan guarantees and tax relief.
- Significant benefits for Newfoundland including construction of the Gravity Base Structure (GBS) and platform assembly in the Province; numerous other benefits for both Newfoundland and Canada.
- Total Canadian content targeted by consortium at 55 to 60 percent of pre-production expenditures and 65 percent of production expenditures.
- Canadian employment during development phase estimated at 13,000 person years, 10,000 in Newfoundland.
- Production will begin in late 1996 or early 1997.
- Average production of 110,000 barrels of oil per day is expected to be achieved by 1998; this will represent approximately 12 percent of Canada's projected light crude production in the year 2000.

The outlook for the oil and gas industry in 1991 is positive. Crude oil prices are expected to remain high and exploration and development activity is expected to increase. The average price of West Texas Intermediate light crude oil in 1991 is expected to exceed low oil prices recorded in the 1986 to 1989 period. Crude oil prices in 1991, however, will be dependent on a number of factors including the ultimate outcome of the Persian Gulf crisis and the ability of OPEC to operate once the crisis is resolved. The Canada-Newfoundland Offshore Petroleum Board expects that two or three exploration wells may be drilled off the coast of Newfoundland during 1991. The Province is expected to release new regulations regarding onshore oil and gas exploration this year which will provide guidelines for onshore exploration activity. The Hibernia oilfield development will have a positive impact on the Provincial economy in 1991 and is expected to employ approximately 800 people by year end. The Province will continue to meet with members of the Terra Nova Consortium in 1991 to facilitate development of that oilfield.

Manufacturing

The Province's manufacturing industry has three main components, the two most commonly known of which are fish products, mainly cod fillet and cod block, and pulp and paper products, mainly newsprint. A range of other products are also manufactured within the Province however, including a variety of foodstuffs (other than fish) and beverages; fabricated metal products such as structural steel; transportation equipment, specifically ships and boats; leather products such as footwear; chemical products such as paint and varnish (i.e., Coatings); non-metallic mineral products such as cement and ready-mix concrete; refined petroleum and coal products; to mention but a few.

Performance of manufacturing industry constrained by lower fish landings in 1990

The manufacturing industry was negatively affected by a number of factors in 1990. Quota reductions in the fishing industry reduced the volume of fish landings in the Province, thus constraining the manufacture of fish products. Newsprint shipments also fell during 1990 as a result of production interruptions and reduced capacity. As well, the closure of the Long Harbour phosphorus plant in August of 1989 affected the 1990 value of manufacturing shipments. Slower growth of personal income in 1990 may also have affected the production of other types of manufactured products which are consumed primarily in local rather than export markets. Overall, it is estimated that the total value of manufacturing shipments fell by about five or six percent in 1990 while employment in the industry declined by about eight percent.

The outlook for the manufacturing industry is mixed this year. The manufacture of fish products will continue to be constrained by further groundfish quota reductions. Newsprint shipments may improve however, as markets are expected to strengthen somewhat in 1991. As well, some manufacturers in the Province are expected to benefit from the start-up of the Hibernia development.

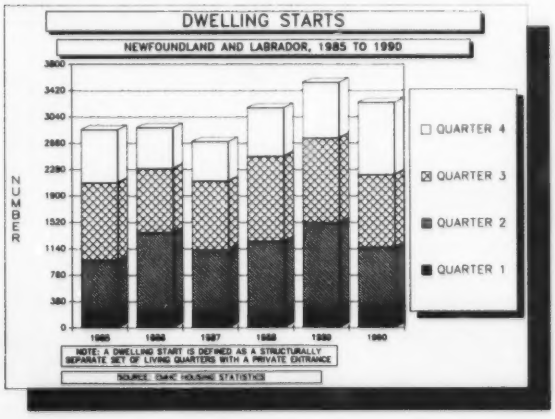
Outlook for manufacturing industry mixed in 1991

Construction

Construction industry performance was weak in 1990. Monthly average employment for the year was 10,000, down about 1,000 from the previous year. Lower employment reduced wages and salaries paid to individuals employed in the industry to $204.7 million between January and November, down seven percent (10.7 percent in real terms) from the same period in 1989.

Higher mortgage interest rates and a weaker Provincial economy served to constrain construction activity in 1990. Mortgage rates for both one and five year term contracts rose to 14.25 percent in April and stayed at this level until late summer. Rates began to fall in August, a trend which continued through the remainder of the year. Rates for one and five year contracts were 12.50 percent at year end.

Diagram 7



New residential construction was down considerably in 1990. Housing starts in the Province numbered 3,245, down 8.2 percent from 1989. While less activity was recorded in both urban centers (populations of 10,000 and greater) and rural areas (population of less than 10,000), urban centers bore the brunt of the decline. Housing starts fell by 12.5 percent in urban centers and 1.7 percent in rural areas. As well, the decline in activity this year occurred in the second and third quarters as starts fell by 31.4 and 14.4 percent respectively. Lower interest rates and increased optimism following the Hibernia announcement may have boosted activity in the fourth quarter as starts rose by 29.6 percent. Dwellings under construction in the Province at the end of December numbered 3,204, up by 1.1 percent from December 1989; the number of completions for the year totalled 3,127, down by 17.3 percent.

The latest figures from Statistics Canada's *Building Permit Survey* indicate that the value of building permits issued by municipalities in the Province during the first eleven months was $302.2 million, down 10.6 percent from the same period in 1989. Declines in the value of non-residential permits more than offset a modest increase in residential value.

The start-up of construction and engineering work to bring the Hibernia offshore oil field into production will serve as an important stimulus to future activity in the construction industry. The development stage of this project is expected to generate 10,000 person years of employment in this Province, much of which will be in construction and related activity. The main construction site for the project is Great Mosquito Cove in Bull Arm, Trinity Bay. Activities at the site will include construction of the Gravity Base Structure (GBS), assembly of the topsides, and mating and hook-up of the completed topsides to the GBS. Preparations for the work that will take place at Bull Arm began in late 1990 with construction of a road to the site, land clearing and site dredging. Work scheduled for this year includes construction of a dry dock, work camp and other facilities. Provincial employment on the project is expected to reach approximately 800 in 1991 with the majority of those employed working at the construction site.

Hibernia development to boost construction industry in 1991

The outlook for the construction industry is bright for 1991. Lower interests rates are ex-

pected to enhance the environment for construction investment. Growth in new housing construction is expected to resume; starts are forecast to be higher than in 1990. Expenditures associated with preparations for the start-up of the Hibernia project will provide an important stimulus to non-residential construction. Overall, the construction industry is expected to exhibit the strongest growth of all Provincial industries in 1991.

Electric Power

Consumption of electricity in the Province during 1990 declined by 2.0 percent from the previous year. This was due primarily to a decrease in consumption by the industrial sector. Lower requirements by the industrial sector reflected the closure of the phosphorus plant in Long Harbour which was a large consumer of electricity. Newfoundland and Labrador Hydro recorded higher sales to other industrial customers because of increased requirements by the mining and manufacturing (oil refining) sectors. Residential customers, serviced mainly by Newfoundland Power, also purchased more electricity in 1990. Newfoundland Power's energy sales in 1990 increased by 6.1 percent over the previous year. Contributing factors to this increase were colder temperatures, a continued high installation rate of electric heat in new homes, and an increase in average consumption per residential customer.

Electricity prices increased during 1990. Hydro's rates to industrial customers increased by about nine percent on January 1, 1990. On February 1, 1990, Newfoundland Power raised its rates by 3.9 percent on average (increases varied dependent on customer classification). Rates to Newfoundland Power customers were increased again on July 1, reflecting an eight percent rise in the wholesale rate Hydro charges Newfoundland Power and the Rate Stabilization Plan adjustment. Combined, the February and July price hikes to Newfoundland Power customers resulted in, on average, an increase of 12.4 percent in the price of electricity.

Electricity prices will increase again in 1991. Newfoundland and Labrador Hydro increased its industrial rates by 4.7 percent on January 1, 1991. Also, Hydro has indicated it will be requesting approval from the Public Utilities Board for an increase in the rate charged to Newfoundland Power. Consumption of electricity is forecast to increase slightly in 1991. Growth is anticipated in the residential sector primarily because of increasing usage of electricity by consumers, however, growth will not be as strong as in recent years, reflecting, in part, resistance to recent price increases. The electricity requirement of industrial customers is expected to remain relatively stable.

Tourism

The tourism industry performed reasonably well during 1990. Tourist trips in the Province were estimated at 1.57 million while tourist expenditures reached $415.1 million, up by 1.9 and 6.0 percent respectively over 1989. The number of resident tourist trips increased 2.9 percent to 1.27 million while the number of non-resident tourist trips declined by 1.9 percent to approximately 300,000. The decline in the level of non-resident tourist activity, the export component of the tourism industry, was not restricted to this Province, but was a trend evident in other provinces across the Country. This was due in part to the recession across North America and a high valued Canadian dollar. Also, references to a possible strike at Marine Atlantic this past summer may have had a negative effect on the number of tourists visiting the Province.

Other indicators of tourist activity, such as the number of visitors to National and Provincial parks, showed a mixed performance in 1991. Terra Nova National Park recorded an 11 percent decline in the number of camper nights compared to 1989 while campground use in Gros Morne National Park declined by 4.2 percent. The number of nights campers spent in Provincial Parks during 1990, however, rose 3.5 percent above the previous year.

The outlook for the Province's tourism industry in 1991 is optimistic despite slow economic growth in North America. The economic slowdown forecast for the first half of the year is expected to reduce the number of tourists travelling throughout various regions of the continent. Despite a projected decline in the number of vacationers, tourist activity in Newfoundland and Labrador is expected to remain about the same as levels achieved in 1990. An improvement in the level of business travel as a result of the Hibernia project, combined with a projected increase in the number of residents vacationing within the Province, should result in stable demand for hospitality services.

Real Estate Market

The residential real estate market in the St. John's/Mount Pearl area, which is the largest in the Province, was weak in 1990. Sales of residential property in the St. John's area, as measured by the St. John's Multiple Listing Service (MLS), fell by 0.9 percent to 1,939 units. The St. John's market may have recorded a slight decline in the number of sales last year but its performance was much better than many of the markets across Canada, where collectively the number of homes traded plunged by 22.5 percent. The supply of homes for sale in St. John's was strong throughout most of 1990 as average monthly listings rose by 27.5 percent to 926 units.

The value of houses sold in the St. John's market in 1990 was $172.5 million, an increase of 5.9 percent over 1989. The average transaction price of homes sold last year, which does not distinguish between house style, rose by 6.8 percent to $88,939. Industry analysts attribute most of the increase to activity in the move-up market which includes the purchase or sale of more expensive styles of homes. Pricing activity was generally weak in 1990 as soft demand and an abundant supply of homes kept price advances down.

The outlook for the St. John's residential real estate market is for an improved performance in 1991. Lower interest rates and increased optimism associated with the Hibernia project are expected to prompt modest growth in home sales in the St. John's market this year.

Transportation

The performance of the transportation industry in 1990 varied by industry segment. Passenger traffic on the Marine Atlantic ferries connecting the Island to the rest of Canada decreased. Freight activity measured by commercial vehicles, containers and new vehicles carried between North Sydney and the Island by the Marine Atlantic ferries also declined. The Ports of St. John's and Corner Brook, however, recorded significant increases in freight shipments.

The number of people travelling on the Port aux Basques and Argentia ferries fell by 1.5 percent last year as declines at Port aux Basques more than offset large gains recorded at Argentia. Factors which led to the decline in traffic at Port aux Basques included a lower number of tourists visiting the Province by automobile and enhanced service provided at the Argentia point of entry. The number of passengers using the seasonal Argentia service rose substantially in 1990 due largely to the introduction of a new ferry on the run and a six week extension of the ferry season.

The "Joseph and Clara Smallwood" began serving on the Argentia crossing in June

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Marine Atlantic's new ferry, the MV *Joseph and Clara Smallwood*, replaced the MV *Ambrose Shea* on the Argentia route around the middle of June. This ferry, which is much faster and larger than ships previously used on the route, reduced the Argentia crossing time from 19 hours to just over 13 hours and considerably enhanced the passenger and auto carrying capacity of the service.

The Federal Minister of Transport announced in mid-August that the 13 week Argentia service was being extended another six weeks. This announcement followed a review by the Minister of the findings of an independent study released in March into the merits of extending the Argentia service. The Minister also announced that the service would be extended to 22 weeks in 1991.

Commercial traffic on the ferries between North Sydney and Newfoundland dropped by six percent last year to 56,536 units. This decline was due to reduced traffic in all commercial categories: straight trucks, tractor trailers and drop trailers. In addition to truck and trailer transport, other freight traditionally moved by this service has included containerized cargo and new automobiles which are imported for sale. The number of containers transported last year fell by about 31 percent from 1989. Marine Atlantic did not transport any new automobiles on this service in 1990; this compares with 1,200 vehicles carried during 1989. Declines in the amount of freight handled between North Sydney and the Island can be partially attributed to increased handling of freight by private carriers.

The amount of freight transported by Marine Atlantic's coastal services in the Province decreased in 1990. Freight carried on the Labrador service, which accounted for most of

the activity, fell seven percent while shipments on the South Coast declined by 16.3 percent.

Cargo handled at the St. John's and Corner Brook ports increased

Two of the Province's major ports, St. John's and Corner Brook, experienced strong growth in cargo handling in 1990. Freight shipments at St. John's rose seven percent last year to one million tonnes. Growth experienced at the Corner Brook port was much stronger last year than in 1989 as shipments rose by 25.3 percent to about 834,000 tonnes.

The outlook for the transportation industry during 1991 is positive. Modest increases in consumer spending are expected to prompt increased activity in the industry. In addition, the extension of the Argentia service to 22 weeks may generate new passenger traffic to the Province by providing direct access to Eastern Newfoundland. A negative factor in the outlook for the transportation industry in 1991, however, is the weaker performance anticipated in the fishing industry and hence in the manufacture and shipment of fish products. Reduced fish product shipments have negative implications for the trucking industry. On a positive note, activity associated with the start-up of the Hibernia project should generate greater demand for transportation services.

Labour Markets

The monthly average level of employment in 1990, at 201,000, was unchanged from the previous year. The resilience exhibited by this performance was particularly significant in view of the downturn in the Province's fishery coupled with the fact that the Canadian economy went into recession in the second quarter of last year.

Employment steady in 1990 despite troubled fishery and recession in Canada

While total employment was unchanged, there were some notable changes in the composition of employment, particularly as between male and female employment, as well as between *full-year* and *part-year* employment. There were also some notable changes at both the regional and the industry employment levels.

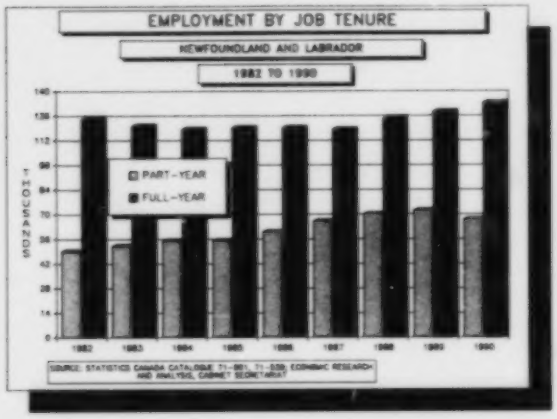
A higher level of employment for female workers in 1990 was offset by a lower level of employment for male workers. Although monthly average employment for females was higher at year-end, employment losses were nevertheless recorded in the months of June, July and August last year; this may partially reflect the importance of fish processing employment to rural, female workers and the fact that many of the employment losses resulting from the troubled fishery were absorbed during the summer months. The lower level of employment for males, combined with growth in the size of the male labour force, put upward pressure on the number of male workers unemployed in 1990. The unemployment rate for males rose from 15.4 percent in 1989 to 17.1 percent in 1990, an increase of 1.7 percentage points. The number of females unemployed also rose during 1990 as labour force growth exceeded employment growth. The female unemployment rate edged up by 0.7 percentage points to average 17.0 percent, slightly lower than the unemployment rate for males. Last year marked the first time since 1985 that the unemployment rate for males in the Province was higher than that for females.

Growth in full-year employment continued in 1990 while the level of part-year employment began to decline

The highest level of *full-year* employment in the Province's history was recorded during 1990 as declines in the monthly average level of *part-year*, or seasonal, employment were fully offset by a 5,000 increase in monthly average full-year employment. It was the growing importance of part-year employment throughout the 1980s which contributed to a much increased dependency on UI benefits in the Province, and hence to an increased vulnerability of the Province's workers to changes in the Federally operated UI program. Last year marked the first time in nearly a decade that the actual level of part-year employment declined. Changes in the composition of full-year/part-year employment, along with amendments to the UI program itself, coincided with a decline in the average number of UI beneficiaries. Thus while the aggregate monthly average level of employment was unchanged during 1990, full-year employment continued to

grow and part-year employment began to decline (see Diagram 8).

Diagram 8



Labour market performance varied by region during 1990, with performance in rural areas generally mirroring the crisis in the Province's fishing industry. Labour market performance in rural parts of the Province was also hampered by the slowdown in construction and transportation activity during 1990.

Industry and regional labour market trends during 1990 reflected constraints in the Province's fishing industry

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Only the *West Coast/Northern Peninsula and Labrador* region recorded a lower unemployment rate in 1990 as a decline in the size of the labour force more than offset a decline in the level of employment. In other regions, lower employment was not offset by changes in the size of the labour force, and consequently the numbers unemployed and the unemployment rate rose. The Avalon Peninsula was the only region of the Province to record a higher level of employment during 1990. Even in this region, employment gains were specific to the St. John's Census Metropolitan Area (CMA), rather than rural areas of the Peninsula. The St. John's CMA is the largest service centre in the Province, and 1990 employment gains in this area generally reflected changes in the industry composition of total employment.

Diagram 9

Employment gains in the service sector in 1990 were offset by employment losses in the goods producing sector. Within the goods producing sector, declines in employment were recorded for the *Manufacturing* and *Construction* industries; employment in *Primary* industries increased. The manufacturing industry is dominated by fish processing, and the decline in manufacturing employment was largely a reflection of resource constraints in the fishing industry. The lower level of employment in the construction industry likely reflected high interest rates which affected investment in both residential and non-residential construction. Within the service sector, the *Transportation, Communication and Other Utilities* industry, which is dominated by the transportation component, recorded a lower level of employment in 1990, as did the *Finance, Insurance and Real Estate* industry; employment in the other service industries was either unchanged from, or higher than, the level recorded in 1989. The labour force for all of those industries which recorded lower employment in 1990, with the exception of the *Finance, Insurance and Real Estate* industry, is generally concentrated in rural parts of the Province, a fact which is consistent with changes in the regional composition of employment last year.

Labour force growth continued in 1990 and, in the absence of employment growth, caused the number of unemployed workers in the Province to rise by 3,000. The net result at year end was an unemployment rate of 17.1 percent, up by 1.3 percentage points from the rate recorded in 1989.

This year promises some improvement from labour market performance in 1990. While public sector employment will be reduced because of

Provincial Government expenditure restraint and the associated public sector layoffs, employment growth in the private sector, and especially the goods producing sector, is expected to resume. A major stimulus to private sector growth in 1991 will come from the Hibernia project.

Overall, employment growth in the goods producing sector, and in some components of the non-government service sector, should offset losses in the Government component of the service sector leaving monthly average employment higher by about 1,000 at year end. Growth in the labour force is expected to exceed growth in employment again this year, however, and this would push the unemployment rate somewhat higher in 1991.

Summary Review and Outlook

The past year could best be described as one of retrenchment following several years of fairly strong growth. Real GDP fell by an estimated 0.4 percent, the first decline since the recession of the early 1980s. With deteriorated international market conditions for some exports, high interest rates, and fish resource constraints, the Province's economy slowed considerably. Following several years of strong growth and little pent up demand, housing starts, new motor vehicle sales and consumer expenditures in general fell as interest rates rose and credit was tightened. Tough international market conditions and strikes in the Canadian steel and newsprint industries resulted in a decrease in the value of both mineral and newsprint shipments. A slowdown in the fishing industry was inescapable because of continued fish quota reductions. Overall, GDP and employment in the Province's goods producing sector fell. Growth continued, however, in the service producing sector in 1990, offsetting employment losses in the goods producing sector and leaving total employment unchanged.

The outlook for the Province in the near term is substantially improved. Growth is expected to resume in the goods producing sector this year; the major exception being the fishery. The fishing industry is expected to register another overall decline in 1991, the result of further groundfish quota reductions. While a decline is expected in the government component of the service sector due to expenditure restraints at both the Federal and Provincial levels, continued growth is expected in the non-government component. The single biggest factor contributing to growth of the economy in 1991 is the Hibernia offshore oil and gas development. It is anticipated that economic activity in general will rebound in 1991. Most economic forecasters are now predicting that this Province will lead the Country in terms of economic expansion over the near term, thus improving the employment picture and restoring consumer confidence.

Appendix 1

STATISTICAL INDICATORS

OF

NEWFOUNDLAND and LABRADOR

TABLE 1.1

GROSS DOMESTIC PRODUCT AT FACTOR COST BY INDUSTRY NEWFOUNDLAND AND LABRADOR: 1989

	Gross Domestic Product	
	$Millions	Percent of Total
Primary	**749.0**	**10.0**
Agriculture	30.0	0.4
Forestry	59.0	0.8
Mining, Quarries & Oil Wells	482.0	6.4
Fishing and Trapping	178.0	2.4
Manufacturing	**618.0**	**8.2**
Fish Products	218.0	2.9
Pulp and Paper Products	144.0	1.9
Other Manufactured Products	256.0	3.4
Construction	577.0	7.7
Electric Power & Water Utilities	383.0	5.1
Subtotal: Goods Producing	**2,327.0**	**31.0**
Transportation, Communications & Other Utilities	461.0	6.1
Trade	979.0	13.0
Finance, Insurance & Real Estate	1,053.0	14.0
Community, Business & Personal Services	1,920.0	25.6
Public Administration	765.0	10.2
Subtotal: Service Producing	**5,178.0**	**69.0**
TOTAL: ALL INDUSTRIES	**7,505.0**	**100.0**
Residual Error of Estimate*	(18.0)	
TOTAL GDP AT FACTOR COST	**7,523.0**	

Notes: * When GDP is calculated on an industry basis, the total for all industries does not equal total GDP. The difference is known as a residual error of estimate.

Parentheses refer to a negative value.

Source: Cabinet Secretariat (estimate).

TABLE 1.2

EMPLOYMENT BY INDUSTRY NEWFOUNDLAND AND LABRADOR: 1989

	Employment	
	Thousands	Percent of Total
Primary	**18.0**	**9.0**
Agriculture	1.1	0.5
Forestry	1.4	0.7
Mining, Quarries & Oil Wells	3.4	1.7
Fishing & Trapping	10.0	5.0
Manufacturing	**24.0**	**11.9**
Fish Products	9.2	4.6
Pulp & Paper Products	2.3	1.1
Other Manufactured Products	6.5	3.2
Construction	11.0	5.5
Subtotal: Goods Producing	**56.0**	**27.9**
Transportation, Communications & Other Utilities	18.0	9.0
Trade	37.0	18.4
Finance, Insurance & Real Estate	7.0	3.5
Community, Business & Personal Services	67.0	33.3
Public Administration	19.0	9.5
Subtotal: Service Producing	**145.0**	**72.1**
TOTAL: ALL INDUSTRIES	**201.0**	**100.0**

Notes: Subtotals in the goods and service producing industries will differ slightly from the sum of the industries which are found in each category. This stems partly from the fact that the Other Utilities component of Transportation, Communications & Other Utilities is included under the goods producing sector. In addition, some components of the goods producing industries (i.e., primary and manufacturing) do not add to the subtotal due to different data sources.

Percentages may not add to 100 due to independent rounding.

Source: Statistics Canada; Newfoundland Statistics Agency and Economic Research and Analysis Division, Cabinet Secretariat.

TABLE 1.3

SELECTED ECONOMIC INDICATORS
NEWFOUNDLAND AND LABRADOR: 1987 - 1991

	1987	1988	1989	1990	1991f
Gross Domestic Product at factor cost					
(millions of current $)	6,641	7,017	7,523	7,912	8,322
% change - Current $	9.3	5.7	7.2	5.2	5.2
Gross Domestic Product at factor cost					
(millions of constant $)	4,831	5,015	5,132	5,110	5,148
% change - Constant $	3.3	3.8	2.3	-0.4	0.7
Personal Income					
(millions of current $)	7,290	8,006	8,563	9,087	9,578
% change - Current $	9.4	9.8	7.0	6.1	5.4
% change - Constant $	6.3	7.3	3.1	1.7	-0.3
Retail Trade*					
(millions of current $)	2,941	3,283	3,509	3,615	3,846
% change - Current $	14.5	11.6	6.9	3.0	6.4
% change - Constant $	11.3	9.0	3.1	-1.2	0.7
Gross investment					
(millions of current $)	2,447	2,584	2,736	2,799	3,180
% change - Current $	-5.0	5.6	5.9	2.3	13.6
% change - Constant $	-6.8	4.2	2.6	-0.5	13.1
Labour Force (000's)					
Annual Average	223	231	238	242	246
% change	0.9	3.6	3.0	1.7	1.7
Employment (000's)					
Annual Average	183	193	201	201	202
% change	2.2	5.5	4.1	0.0	0.5
Unemployment Rate (%)					
Annual Average	17.9	16.4	15.8	17.1	17.9
St. John's Consumer Price Index (1986 = 100)					
Annual Average	102.9	105.3	109.2	113.9	120.4
% change	2.9	2.3	3.7	4.3	5.7

Notes: In some cases, the percentage change may be calculated using unrounded numbers. Some data for 1987 to 1990 is preliminary.

f: forecast, Economic Research and Analysis Division

*Values for 1989 & 1990 reflect Statistics Canada's new survey design. Data for prior years is estimated by Economic Research and Analysis Division using growth rates from the previous Statistics Canada Survey.

Source: Statistics Canada; Newfoundland Statistics Agency and Economic Research and Analysis Division, Cabinet Secretariat.

Appendix 2

AN INVENTORY OF MAJOR PROJECTS

NEWFOUNDLAND and LABRADOR

Appendix 2

AN INVENTORY OF MAJOR PROJECTS IN NEWFOUNDLAND AND LABRADOR

Project	Location	Estimated Capital Cost ($ Millions)	Start/End Date	Comments
Airstrip Development	Clarenville	2.3	1989/1991	Federal funds, with the Provincial Government responsible for maintenance.
Airstrip Development	Grand Falls	1.9	1989/1991	Federal funds, with the Provincial Government responsible for maintenance.
Airstrip Development	St. Andrews	1.8	1989/1991	Federal funds, with the Provincial Government responsible for maintenance.
Apartment Complex - Renovations	St. John's	1.6	1990/1991	835-0999 Ontario Ltd. is converting the Forest Road Apartment Building into condominiums. Private funds.
Apartment Complex - Renovations and Extension	St. John's	2.5	1990/1991	Nuport Holdings is adding a third floor (35,000 square feet) and performing general repairs to the Kelly's Brook apartment complex. Private funds.
Apron Expansion - St. John's International Airport	St. John's	1.3	1990/1991	This project will provide for an expansion of the air terminal building apron. The project is in the final design stage with construction scheduled for 1991. Federal funds.
Apron Rehabilitation - Gander International Airport	Gander	4.0	1989/1991	Project involves the rehabilitation of Aprons I and II at the airport. Federal funds.
Blue Crest Home - Renovations	Grand Bank	3.5	1991/1992	Provincial funds.
Bridge	Mary's Harbour - Lodge Bay	3.0	1990/1992	This project involves the construction of a bridge across the Charles River. Funding for this project is provided under the $53.85 million Comprehensive Labrador Development Agreement. 70% Federal, 30% Provincial funds.
Bridges and Causeways	Various Locations	3.3	1991/1992	Various projects. Provincial funds.
Canada-Newfoundland Subsidiary Agreement on Highway Transportation Development	Various Locations	291.0	1985/1992	The original Agreement, signed under the umbrella Economic and Regional Development Agreement (ERDA), was valued at $180.0 million. Through various amendments the Agreement is now valued at $291.0 million. Available funding will be used for upgrading the Trans-Canada Highway as well as regional trunk and access roads, and for work on the Trans-Labrador Highway. 63.1% Federal, 36.9% Provincial funds.

Appendix 2 (cont'd.)

AN INVENTORY OF MAJOR PROJECTS IN NEWFOUNDLAND AND LABRADOR

Project	Location	Estimated Capital Cost ($ Millions)	Start/End Date	Comments
Canadian Centre for Marine Communications	St. John's	16.6	1989/1994	The Canadian Centre for Marine Communications is located at the Newfoundland and Labrador Institute of Fisheries and Marine Technology, and supports industry with the development of commercial applications of marine technology. The Centre is being funded by the Atlantic Canada Opportunities Agency (ACOA) ($7.5 million), the Federal Department of Communications ($1.5 million) and the Marine Institute ($1.1 million). The remaining $6.5 million is expected to be generated by industry/government sponsored projects in the Centre's first five years of operations.
Church/School Complex	Grand Falls - Windsor	3.0	1991/1993	The Windsor Pentecostal Assembly will construct a 41,000 square foot facility which will include a church sanctuary and elementary school. In addition, the proposed building will house church and school administrative offices.
Community Health Centre	Burgeo	5.0	1991/1992	Provincial funds.
Community Health Centre	Port Saunders	5.0	1991/1992	Provincial funds.
Confederation Building - East Block Renovations	St. John's	34.0	1986/1993	Figures include renovations to existing offices and a new House of Assembly. The House of Assembly has been completed. As of February 1991, approximately 80 percent of the funds had been spent. Provincial funds.
Courthouse	Gander	3.0	1990/1992	Provincial funds.
Daycare Facility	St. John's	1.9	1991	Memorial University of Newfoundland is constructing a two-storey 19,000 square foot daycare facility. The facility will contain four centres: two pre-school centres, an after school activity centre and a toddler centre. Funding provided from various sources.
Department of National Defence	Goose Bay	125.9	1991/1994	Funding includes $11 million per year for routine maintenance in support of DND and allied operations at the Canadian Forces Base in Goose Bay; $5 million per year to maintain the Fuel Farm. Also, routine maintenance contracts will be tendered totalling $27.1 million in fiscal year 1991/92; $18.6 million in 1992/93 and $32.2 million in 1993/94.
Development of General Aviation Area - St. John's International Airport	St. John's	3.3	1989/1993	These expenditures are for the expansion of the general aviation area including a common-use taxilane, groundside roads, security fencing, stormwater drainage, water distribution and sanitary sewerage and site preparation. The project is in the final design stage. Federal funds.

Appendix 2 (cont'd.)

AN INVENTORY OF MAJOR PROJECTS IN NEWFOUNDLAND AND LABRADOR

Project	Location	Estimated Capital Cost ($ Millions)	Start/End Date	Comments
Dr. Charles A. Janeway Child Health Centre - Renovations	St. John's	3.5	1990/1993	Renovations by the Dr. Charles A. Janeway Child Health Centre are underway to redesign the layout of six nursing units. The objective of the renovations is to provide more space for isolation areas and a family care centre. Hospital funds.
Enhancement of Offshore Fabrication Capabilities	Marystown - Cow Head	36.5	1990/1992	A sum of $36.5 million has been approved under the Canada/Newfoundland Offshore Development Fund for an offshore fabrication enhancement program at Marystown Shipyard Limited's Oil Rig Repair Facility at Cow Head, Mortier Bay. Specifically, the program is comprised of three activities, including management training; engineering and design of new facilities; and construction of new facilities. 75% Federal, 25% Provincial funds.
Exon House - Renovations	St. John's	2.6	1990/1992	Renovations will involve the conversion of present facilities at Exon House into Government office space. Provincial funds.
Exploits Valley Mall - Expansion	Grand Falls - Windsor	2.5	1991/1992	Expansion will consist of approximately 25,000 square feet of retail space. Private funds.
Ferry Terminal Improvements	Lewisporte, Port aux Basques and Goose Bay	1.8	1990/1991	Marine Atlantic is making a number of improvements to three of its ferry terminals in the Province. Expenditures include: pavement improvements and lighting at the Lewisporte terminal; construction of four ticket booths in Port aux Basques; and a passenger building at Goose Bay.
Fish Processing Plant - Modernization Program	Valleyfield	5.2	1989/1992	Beothic Fish Processors Limited will make structural changes to the plant and purchase $2.4 million of machinery and equipment to modernize the facility. Approximately 25 percent of the work has been completed. Project will receive a $2.6 million contribution from ACOA.
Fisher Institute - Expansion	Corner Brook	8.4	1990/1992	An extension of 15,000 square metres will provide space for new technology and existing programs. Approximately $4.5 million is scheduled to be spent in the 1991/92 fiscal year. Provincial funds.
Forest Protection Centre	Labrador	1.2	1991/1992	This Centre will be constructed from funding provided under the $53.85 million Comprehensive Labrador Development Agreement. 70% Federal, 30% Provincial funds.
Glynmill Inn - Modernization	Corner Brook	1.1	1991	The modernization will include the installation of an air conditioning system in each of the 60 original rooms, the modernization of 14 other rooms, the complete renovation of the main lobby and entrance, the construction of a new meeting room and the paving of the rear parking lot. The project will receive assistance of $617,000 from ACOA; a repayable contribution of $290,000 and an interest buy-down valued at $327,000.

Appendix 2 (cont'd.)

AN INVENTORY OF MAJOR PROJECTS IN NEWFOUNDLAND AND LABRADOR

Project	Location	Estimated Capital Cost ($ Millions)	Start/End Date	Comments
Golf Course	St. John's	2.4	1989/1991	Construction of an 18 hole golf course by the Thomas Development Corporation will be aided by ACOA with funding in the order of $1,150,000 and an interest buy-down valued at $297,000. The golf course is approximately 85% completed and is expected to be fully functional by the summer of 1991.
Gros Morne National Park - Park Improvements	Gros Morne National Park	4.0	1991/1992	Work includes the construction of a day use area at Mill Brook, construction of hiking and ski trails, upgrade existing trails, construction of accommodations, reconstruction of highways, marking of boundaries and upgrading of existing facilities.
Groundside Vehicle Parking and Roadway System - Deer Lake Airport	Deer Lake	1.6	1988/1991	Construction will result in expansion and modification of the existing groundside terminal area access roadway system and associated vehicle parking areas. These activities will complement the construction of the new air terminal building. This project is scheduled for completion by September 1991. Federal funds.
Health Sciences Centre - Extension	St. John's	7.6	1991/1992	Extension will consist of approximately 47,500 square feet. Funding provided by the Provincial Government (70%) and the Newfoundland Cancer Treatment and Research Foundation (30%).
Hibernia Offshore Oil Field Development	Various Locations	8,500.0	1990/2013	Expenditures listed for this development include the construction and installation of production and storage facilities, subsea equipment, shuttle tankers and development drilling. The cost breakdown is as follows: pre-production construction phase $5.2 billion (extending from 1990/1996); production phase $3.3 billion (extending from 1996/2013). The principal construction site in the Province is Great Mosquito Cove in Bull Arm, Trinity Bay. Major activities which will be carried out there will include graving dock construction, Gravity Base Structure (GBS) construction, module assembly and hook-up and other fabrication and construction activities. In 1991, activities at the Bull Arm site will include the completion of the access road and the start of construction of the dry dock, work camp and other facilities. The Government of Canada will contribute 25 percent of the pre-production capital costs to a maximum of $1.04 billion and guarantee loans for 40 percent of the consortium's costs to a maximum of $1.66 billion. The Government of Newfoundland and Labrador will provide a sales tax exemption on project capital expenditures and will reduce retail sales tax to four percent on the project's operating costs. As well, the effective rate of Provincial corporate tax payable on taxable income earned in respect of operations in the offshore area will be reduced to a rate equal to the national average of all Provincial corporate income tax rates.
Highway Improvements and Construction	Various Locations	11.8	1991/1992	A variety of projects undertaken by the Province. Provincial funds.

Appendix 2 (cont'd.)

AN INVENTORY OF MAJOR PROJECTS IN NEWFOUNDLAND AND LABRADOR

Project	Location	Estimated Capital Cost ($ Millions)	Start/End Date	Comments
Hotel	Stephenville	3.4	1991	A 42,000 square foot hotel will be constructed by Toulon Development Corporation. The hotel will contain 48 rooms, recreation facilities and a convention centre. This project will receive a $1.1 million contribution from ACOA.
HUB Building - Extension	St. John's	1.0	1990/1991	The HUB is expanding its current facilities by 10,000 square feet. Provincial funds.
Industrial Infrastructure Planning	Various Locations	1.3	1987/1992	Pre-engineering and design work related to Hibernia development sites. Funding provided under the Canada/Newfoundland Offshore Development Fund. 75% Federal, 25% Provincial funds.
Labrador Airport Programs	Labrador Communities	4.1	1991/1995	General restoration work. Federal funds.
Marine Facilities - Repair and Maintenance	Various Locations	3.2	1991/1992	These projects will involve the repair and maintenance of various marine facilities such as sheds, wharves, breakwaters and minor redredging. Federal funds.
Marine Service Centre Program	Various Locations	17.0	1988/1992	Since its inception about three years ago, the program has provided for the construction of four marine service centres. As well, several marine service centres have benefitted through the acquisition of heavy equipment or other upgrading activities. In total, new construction work and improvements have committed about $11.0 million of total program funding. It is expected that the program will provide for major upgrading work at two other marine service centres. Funded under ERDA for Inshore Fisheries. 55% Federal, 45% Provincial funds.
Medical Clinic	Hopedale	1.6	1990/1992	Construction of the approximately 1,850 square metre clinic will start in the spring of 1991. Funding for this project is provided under the $53.85 million Comprehensive Labrador Development Agreement, which is cost-shared 70% Federal and 30% Provincial.
Memorial University of Newfoundland Arts and Administration Building - Extension	St. John's	9.0	1990/1991	An extension of approximately 50,000 square feet to the Arts and Administration Building will consist of lecture rooms, classrooms, seminar rooms, faculty offices and a major cafeteria located on level 5. Provincial and University funds.
Memorial University of Newfoundland - Small Animal Care - Biotechnology Building	St. John's	5.0	1990/1992	The three level facility will have 20,000 square feet of floorspace. Provincial and University funds.

Appendix 2 (cont'd.)

AN INVENTORY OF MAJOR PROJECTS IN NEWFOUNDLAND AND LABRADOR

Project	Location	Estimated Capital Cost ($ Millions)	Start/End Date	Comments
Mill Improvement Projects	Stephenville	9.4	1990/1992	Abitibi-Price Stephenville will make capital expenditures at the mill that will render environmental improvements and increase mill efficiency. The following projects have been completed: (1) installation of a new underdrive, $1.1 million; (2) effluent treatment, $1.1 million; (3) miscellaneous small projects, $1.8 million. For 1991 the Company is budgeting for expenditures of $0.6 million for miscellaneous small projects. For 1992 proposed budget expenditures are: (1) wrap line system upgrade, $0.6 million; (2) New boiler tubular air heater, $0.5 million; (3) miscellaneous small process improvements and projects, $3.7 million.
Naval Reserve Facility and Boat Shed	St. John's	11.5	1991/1995	The Department of National Defence will be constructing two buildings: a 2,500 square metre training facility for naval reserves and a 250 square metre boat shed. Work in 1991 will consist of site preparation. Federal funds.
Newfoundland and Labrador Housing Corporation - Housing and Development	Various Locations	104.3	1991/1992	These expenditures relate to the Corporation's capital expenditure activities of which many programs are cost-shared on a 75/25 Federal/Provincial basis with NLHC's Federal counterpart Canada Mortgage and Housing Corporation (CMHC). The budget includes spending for the Rural and Native Housing Program, the Non-Profit Housing Program, the Residential Rehabilitation Assistance Program (RRAP), Residential Land Assemblies, Industrial Land Development, modernization of the Corporation's rental portfolio, and construction of housing for clients with special needs.
Newfoundland and Labrador Hydro - Capital Expenditures	Various Locations	70.0	1991	Includes transmission and system support expenditures.
Newfoundland and Labrador Institute of Fisheries and Marine Technology - Marine Offshore Simulator Training Centre	St. John's	12.0	1987/1993	Centre will include a full-mission ship's bridge simulator as well as a ballast control simulator. Funding for the project is provided under the Canada/Newfoundland Offshore Development Fund. 75% Federal, 25% Provincial funds.
Newfoundland and Labrador Youth Centre	Whitbourne	12.4	1988/1992	The centre will be constructed in two phases. Phase I includes the construction of an administrative building and housing facilities for 30 youths. Phase II consists of the construction of housing facilities for an additional 30 youths. Provincial funds.
Newfoundland Power - Capital Expenditures	Various Locations	49.9	1991	Includes upgrading of transmission and distribution systems and improvements to computer systems. Capital projects help ensure that customers will have a reliable supply of electricity in the future.

Appendix 2 (cont'd.)

AN INVENTORY OF MAJOR PROJECTS IN NEWFOUNDLAND AND LABRADOR

Project	Location	Estimated Capital Cost ($ Millions)	Start/End Date	Comments
Newfoundland Telephone - Capital Expenditure Program	Various Locations	93.0	1991	Expenditures are slated for a number of exchange and radio locations, providing the telephone sets, outside plant cable, exchange and circuit equipment for local and long distance calling throughout the Province. Expenditures will also provide for the modernization of the telephone network and the introduction of new business and residence services. Approximately 70% will be spent on machinery, equipment and supplier engineering and installation. The remaining 30% will be spent on engineering and installation provided by Newfoundland Telephone.
Newfoundland Transportation Initiative	Various Locations	648.1	1989/2003	The Newfoundland Transportation Initiative was developed in response to the closure of the Newfoundland Railway. Expenditures designed to upgrade and improve the Province's transportation infrastructure include the following: (1) $405 million to be spent between 1990 and 2003 on a major upgrading of the Trans-Canada Highway; (2) $235 million on regional trunk roads over the period 1991 - 2003; and (3) $8.1 million for port improvements to St. John's and Argentia. Federal funds.
Nursing Home/Clinic	St. Lawrence	7.5	1991/1993	Provincial funds.
Office Building	St. John's	2.0	1990/1991	A two-storey office building consisting of 26,000 square feet will be constructed by Corpeast Limited. Private funds.
Offshore Survival Centre	Little Soldiers Pond, Foxtrap	6.3	1987/1993	This project includes the development of a fire ground and complex, with training facilities. Funding for the project is provided under the Canada/Newfoundland Offshore Development Fund. 75% Federal, 25% Provincial funds.
Paper Mill - Upgrading Facilities for Pollution Control	Corner Brook	40.0	1989/1992	The Corner Brook Pulp and Paper Mill will install a new bark burning boiler and carry out certain other environmental measures in order to meet Federal and Provincial anti-pollution requirements. Approximately 75% of the estimated capital cost will be spent on machinery and equipment. Private funds.
Pearlgate Shopping Centre	Mount Pearl	75.0	1991/1992	Toulon Development Corporation will construct a 500,000 square foot shopping complex on 41 acres of land. The complex will include: major department stores; a mix of apparel, accessory, food, hardware and home furnishing stores; and activity and entertainment spaces (i.e., mini golf course). Private funds.
Petroleum Technology Training Program	Various Locations	21.1	1987/1991	Upgrading and/or establishment of Provincial post-secondary technology training facilities and programs related to the offshore petroleum industry. Funding for the project is provided under the Canada/Newfoundland Offshore Development Fund. 75% Federal, 25% Provincial funds.

Appendix 2 (cont'd.)

AN INVENTORY OF MAJOR PROJECTS IN NEWFOUNDLAND AND LABRADOR

Project	Location	Estimated Capital Cost ($ Millions)	Start/End Date	Comments
Protein Hydrolysate Plant	Marystown	15.5	1990/1991	Fishery Products International Limited, through a joint venture with a French company, will establish a state-of-the-art fish meal plant adjacent to its fresh fish processing plant in Mooring Cove. The plant will produce a high quality fish protein concentrate for feed in agriculture and aquaculture.
Pulp and Paper Mill Modernization Program	Corner Brook	300.0	1985/1991	Involves the installation of new production equipment and improved production processes at Corner Brook Pulp and Paper Ltd. The Federal and Provincial governments will contribute $45.6 million of the total cost, with the balance paid by the Company. As of December 31, 1990, approximately $248 million had been spent on the program.
Quidi Vidi/Rennies River Development	St. John's	7.0	1985/1995	The implementation of the Quidi Vidi/Rennies River Development Foundation's 10 year Development Plan continues on schedule. Construction of the Newfoundland Freshwater Resource Centre was completed in 1990. Linear Park development, including wildlife habitat enhancement along Rennies River is 90% complete and around Quidi Vidi Lake is 30% complete. Plans also include a well defined training program. Future work includes trail development along Cascade Park and installation of a sign system, as well as historical site restoration at Quidi Vidi Pass Battery. Expenditures over the remaining life of this project are estimated at approximately $2 million. Federal, Provincial and Municipal funds, as well as corporate and private fundraising.
Replacement of Curtain Walls - Gander International Airport	Gander	3.9	1988/1992	Approximately 945 linear metres of curtain/panel wall will be replaced. Federal funds.
Resort	Swift Current	1.1	1990/1991	Phase I of a two phase project will encompass a 23 acre resort consisting of 10 cabins, 20 fully serviced trailer sites, a tour boat operation, convenience store, laundromat, swimming pool and a 1,500 square foot retreat on Pool's Island. Funding consists of a repayable $356,000 contribution from ACOA and private funds.
Retail and Office Centre	St. John's	2.0	1991	Baine Johnston Property Limited is redeveloping its Bowring Downtown Department Store into retail stores and offices. The new Bowring Downtown Centre will allocate 35,000 square feet for retail outlets and 32,000 square feet for offices that will be occupied by a Federal Employment Centre. Private funds.
Road and Bridge Rehabilitation	Various Locations	10.5	1991/1992	Various projects. Provincial funds.

Appendix 2 (cont'd.)

AN INVENTORY OF MAJOR PROJECTS IN NEWFOUNDLAND AND LABRADOR

Project	Location	Estimated Capital Cost ($ Millions)	Start/End Date	Comments
Royal Canadian Mounted Police - Capital Construction Program	Various Locations	6.8	1991/1992	These expenditures pertain to the RCMP construction program in the Province for this fiscal year. A large proportion of these expenditures will be spent on the detachment and married quarters at Happy Valley/Goose Bay and hangar renovations at Gander. The remaining expenditures will be spent on various RCMP detachments throughout the Province. These estimates do not include the construction of a new headquarters building in St. John's. This project is listed below.
Royal Canadian Mounted Police - New Headquarters Building	St. John's	27.0	1990/1993	Building will contain approximately 14,000 square metres of space. Federal funds.
Runway Rehabilitation - St. John's International Airport	St. John's	1.8	1990/1991	This project involves the rehabilitation of runway 16/34 at the airport. Final design was completed in 1990 with construction scheduled for 1991. Federal funds.
Samaritan Place	Gander	32.0	1991/1993	Complex is being designed for retired couples and will be dedicated to the memory of the 101st Airbourne Division of the United States Army. Complex will contain 210 apartments, a 50 bed convalescent care unit and sports facilities. Funded by Gander-Masonic Memorial Complex Inc. and by private fundraising activity.
School Construction	Various Locations	27.0	1991/1992	Provincial funds
Sir Humphrey Gilbert Building	St. John's	12.0	1989/1991	Restoration of both the exterior and interior of the building. Also, new mechanical and electrical systems will be installed. Federal funds.
Small Craft Harbours Program	Various Locations	15.0	1991/1992	This program covers the construction of wharves, breakwaters and slipways. Large projects slated for completion in 1991 include carryover work on Prosser's Rock (St. John's), a wharf extension (St. Stott's) and wharf reconstruction (Fortune). Federal funds.
Supermarket	Grand Falls	3.5	1991	The Sobey's Group will construct a 30,000 square foot supermarket. Private funds.
Supermarket - Renovation and Expansion	St. John's	3.5	1990/1991	Sobey's Group is renovating and expanding one of its stores by 15,000 square feet. Private funds.
Upgrading of Water Distribution System - Gander International Airport	Gander	1.7	1988/1991	This project includes upgrading of the airport water distribution system to provide an adequate and reliable water supply. The final design stage has been completed. Federal funds.

Appendix 2 (cont'd.)

AN INVENTORY OF MAJOR PROJECTS IN NEWFOUNDLAND AND LABRADOR

Project	Location	Estimated Capital Cost ($ Millions)	Start/End Date	Comments
Warehouse	St. John's	1.5	1990/1991	Construction of a 19,000 square foot store-front warehouse is underway by Gentara Company. Private funds.
Water and Sewer Disposal Infrastructure	Coastal Labrador	8.6	1991/1992	Expenditures for this project are provided under the $53.85 million Comprehensive Labrador Development Agreement. A total of $18.1 million is allocated to water and sewer projects on the Southern Coast of Labrador over a five year period. 70% Federal, 30% Provincial funds.
Water and Sewer Projects	Coastal Labrador	3.4	1991/1992	Proposals for this year include the expenditure of approximately $3.4 million among Inuit communities in Labrador for water and sewer system improvements. Projects are funded through the Inuit Agreement and are cost shared 63% Federal and 37% Provincial.
Western Memorial Regional Hospital - Renovations and Expansion	Corner Brook	1.5	1990/1991	Western Memorial Regional Hospital is renovating and expanding its current facility by 4,000 square feet to accommodate a C.A.T. (Computerized Axial Tomography) scanner, a mammography unit, a fluoroscopic unit and a new ultrasound area. Hospital funds.
Wharf Reconstruction	Rigolet	2.5	1990/1991	Project includes the demolition of former public wharf and construction of a replacement. Project started July 1990 with about 45 percent of work completed thus far; completion is slated for September. Federal funds.